

**LODI CITY COUNCIL
REGULAR CITY COUNCIL MEETING
CARNEGIE FORUM, 305 WEST PINE STREET
WEDNESDAY, MARCH 15, 2006**

C-1 CALL TO ORDER / ROLL CALL

The City Council Closed Session meeting of March 15, 2006, was called to order by Mayor Pro Tempore Johnson at 6:35 p.m.

Present: Council Members – Beckman, Hansen, Johnson, and Mounce

Absent: Council Members – Mayor Hitchcock

Also Present: City Manager King, City Attorney Schwabauer, and City Clerk Blackston

C-2 ANNOUNCEMENT OF CLOSED SESSION

- a) Actual litigation: Government Code §54956.9(a); one case; *Pacific Bell Telephone Company, a California corporation doing business as AT&T California, v. City of Lodi et al.*, San Joaquin County Superior Court, Case No. CV028523

C-3 ADJOURN TO CLOSED SESSION

At 6:35 p.m., Mayor Pro Tempore Johnson adjourned the meeting to a Closed Session to discuss the above matter.

The Closed Session adjourned at 7:00 p.m.

C-4 RETURN TO OPEN SESSION / DISCLOSURE OF ACTION

At 7:04 p.m., Mayor Pro Tempore Johnson reconvened the City Council meeting, and City Attorney Schwabauer disclosed that no reportable action was taken in closed session.

A. CALL TO ORDER / ROLL CALL

The Regular City Council meeting of March 15, 2006, was called to order by Mayor Pro Tempore Johnson at 7:04 p.m.

Present: Council Members – Beckman, Hansen, Johnson, and Mounce

Absent: Council Members – Mayor Hitchcock

Also Present: City Manager King, City Attorney Schwabauer, and City Clerk Blackston

B. INVOCATION

The invocation was given by Pastor Stephen Jarrett, Lodi Salvation Army.

C. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Mayor Pro Tempore Johnson.

D. AWARDS / PROCLAMATIONS / PRESENTATIONS

D-1 Awards – None

D-2 (a) Mayor Pro Tempore Johnson presented a proclamation to Nancy Martinez, Library Services Director, proclaiming the week of April 2 – 8, 2006, as "National Library Week" and a proclamation proclaiming Tuesday, April 4, 2006, as "National Library Workers Day" in the City of Lodi.

D-3 Presentations – None

E. CONSENT CALENDAR

In accordance with the report and recommendation of the City Manager, Council, on motion of Council Member Beckman, Mounce second, approved the following items hereinafter set forth **except those otherwise noted** by the vote shown below:

Ayes: Council Members – Beckman, Hansen, Johnson, and Mounce

Noes: Council Members – None

Absent: Council Members – Mayor Hitchcock

- E-1 Claims were approved in the amount of \$6,240,631.58.
- E-2 The minutes of January 10, 2006 (Shirtsleeve Session), January 24, 2006 (Shirtsleeve Session), February 7, 2006 (Shirtsleeve Session), February 7, 2006 (Special Meeting), February 21, 2006 (Shirtsleeve Session), and March 7, 2006 (Shirtsleeve Session) were approved as written.
- E-3 Approved the plans and specifications and authorized advertisement for bids for Playground Improvements at Peterson Park West Playground, 199 Evergreen Drive.
- E-4 Approved the plans and specifications and authorized advertisement for bids for Asphalt Rubber Cape Seal, Various Streets, 2006.
- E-5 Received for informational purposes Contract Change Order No. 3 – Kettleman Lane Gap Closure Project, Lower Sacramento Road to Ham Lane and Stockton Street to Cherokee Lane, in the amount of \$8,158.86.
- E-6 Adopted Resolution No. 2006-40 accepting the development improvements in Century Meadows One, Unit No. 3, Tract No. 3289.
- E-7 “Set public hearing for April 5, 2006, to consider the appeal of the Planning Commission’s decision of February 22, 2006, to approve a Use Permit for Vineyard Christian Middle School to place a private 6th, 7th, and 8th grade school on the grounds of Lodi Avenue Baptist Church at 2301 West Lodi Avenue (File# U05-020)” was **removed from the Consent Calendar and discussed and acted upon following approval of the Consent Calendar.**

ACTION ON ITEM REMOVED FROM CONSENT CALENDAR

- E-7 “Set public hearing for April 5, 2006, to consider the appeal of the Planning Commission’s decision of February 22, 2006, to approve a Use Permit for Vineyard Christian Middle School to place a private 6th, 7th, and 8th grade school on the grounds of Lodi Avenue Baptist Church at 2301 West Lodi Avenue (File# U-05-020)”

Council Member Beckman stated that he would be in Washington D.C. for the San Joaquin Council of Governments “One Voice” trip on April 5 and asked that the public hearing be scheduled for April 19.

MOTION / VOTE:

The City Council, on motion of Council Member Beckman, Mounce second, set public hearing for April 19, 2006, to consider the appeal of the Planning Commission’s decision of February 22, 2006, to approve a Use Permit for Vineyard Christian Middle School to place a private 6th, 7th, and 8th grade school on the grounds of Lodi Avenue Baptist Church at 2301 West Lodi Avenue (File# U-05-020). The motion carried by the following vote:

Ayes: Council Members – Beckman, Hansen, Johnson, and Mounce

Noes: Council Members – None

Absent: Council Members – Mayor Hitchcock

F. COMMENTS BY THE PUBLIC ON NON-AGENDA ITEMS

None.

G. COMMENTS BY CITY COUNCIL MEMBERS ON NON-AGENDA ITEMS

- Council Member Mounce mentioned that last week she attended the executive meeting of the League of California Cities. She reported that three single-family homes would soon be built on the corner of Maple and Garfield Streets. She recently received communication from citizens who suggested that the City designate a phone number for emergencies, in which a recording informs callers about basic information related to the emergency (e.g. reason of and length anticipated for power outages, etc.) and which radio station to tune into for updates. She recommended that the emergency radio station number also be listed on utility bills. She asked if discussion could take place about having a citizen and Council message/opinion board on the City's website.
- Council Member Hansen reported that 400 tickets were sold for the "Fat Sunday" fundraiser organized by Jacob Inman, which raised \$7,000 for the Gulf Coast hurricane relief fund and next Tuesday, Wal-Mart would be donating an additional \$1,000 toward the effort. Mr. Hansen reported that he recently attended the American Public Power Association (APPA) legislative rally in Washington, D.C. as a state representative of the policy committee and met with congressional and senate members. Climate change and monitoring of greenhouse gasses is an important issue currently being considered. Also being addressed are issues related to the electric market and the federal government's impact on it. APPA supports the ability of public power systems to offer advanced communication services (i.e. broadband) and is fighting legislative efforts to stop public entities from doing so.
- Mayor Pro Tempore Johnson announced that Delta College has selected Lodi as the site for a proposed satellite campus, which at build out is anticipated to have 5,000 full-time students.

H. COMMENTS BY THE CITY MANAGER ON NON-AGENDA ITEMS

- City Manager King mentioned that staff has been looking into the possibility of developing a message board on the City's website, as well as how to raise the visibility of the emergency radio station. Mr. King reported that he, along with Deputy City Manager Krueger, Electric Utility Director Morrow, Mayor Pro Tempore Johnson, and Council Member Hansen, attended two meetings on March 6 in New York City with representatives of rating agencies Fitch and Standard & Poors. Also accompanying them were Donna Stevener, Chief Financial Officer of the Northern California Power Agency (NCPA), and Virginia Rutledge of Public Financial Management. Mr. King stated that both rating agencies endorsed the steps that Lodi has taken, which included necessary rate increases and the adoption on January 18 of a risk management policy and power supply strategy. The Electric Utility locked in prices over a tiered period of time so there would be less volatility and risk. Lodi is participating in two power supply planning projects. City Council involvement and oversight in the Utility has been enhanced, and stronger ties with NCPA have been established. Mr. King estimated that it would take a year or more to remove the rating agencies negative outlook on the Electric Utility.

I. PUBLIC HEARINGS

- I-1 Notice thereof having been published according to law, an affidavit of which publication is on file in the office of the City Clerk, Mayor Pro Tempore Johnson called for the public hearing to consider resolution approving new rates for solid waste collection.

Public Works Director Prima explained that, as part of the franchise agreement with Central Valley Waste Services, rates for solid waste collection are to be adjusted in a percentage amount equal to 80% of the annual change in the Consumer Price Index (CPI). The percentage increase in rates based on the CPI change is 1.56%. Central Valley Waste is also asking for an additional increase of 0.95% for increased disposal costs and an additional 0.54% due to increased fuel costs. A change in calculations resulted in a lower than requested rate increase of 2.92% (or \$0.58 per month for 38-gallon service).

Council Member Beckman asked if the vehicles were being maintained appropriately and if there were any complaints of leaks.

Mr. Prima replied that complaints of vehicle leaks were rare. A City staff member made an on-site inspection and reviewed maintenance practices and records and made a few recommendations for improvements.

In response to Council Member Hansen, Mr. Prima reported that the contract with Central Valley Waste expires in 2010.

Council Member Mounce noted that garbage carts and containers sometimes overflow and asked if the garbage truck drivers could report such incidences to the Community Improvement Division.

Tom Sanchez, Central Valley Waste Contracts Manager, answered in the affirmative and mentioned that drivers do keep records and photos of garbage they encounter on the streets, sidewalks, and alleyways that is not in containers.

Hearing Opened to the Public

- Barbara Flockhart asked what percentage of the rates the City gets and if it compares prices with other waste management companies.

Public Portion of Hearing Closed

City Manager King answered that 4.8% of the revenue is remitted to the City.

Deputy City Manager Krueger added that \$20,000 is charged to Central Valley Waste for billing and administrative services.

Mr. Sanchez provided the following rate comparisons:

- | | |
|---------------------------------|--------------------------------|
| ➤ San Joaquin County -- \$26.36 | ➤ Sacramento -- \$21.66 |
| ➤ Davis -- \$26.02 | ➤ Merced County -- \$21.55 |
| ➤ Fresno -- \$25.42 | ➤ El Dorado Hills -- \$21.05 |
| ➤ Turlock -- \$25.10 | ➤ Woodbridge -- \$20.60 |
| ➤ Stockton -- \$24.69 | ➤ Lodi -- \$20.57 |
| ➤ Woodland -- \$24.63 | ➤ Tracy -- \$19.96 |
| ➤ Manteca -- \$24.00 | ➤ Sacramento County -- \$19.55 |
| ➤ Isleton -- \$23.56 | ➤ Modesto -- \$19.30 |
| ➤ Folsom -- \$22.50 | ➤ Galt -- \$18.66 |

MOTION / VOTE:

The City Council, on motion of Council Member Hansen, Beckman second, adopted Resolution No. 2006-41 approving new rates for solid waste collection. The motion carried by the following vote:

Ayes: Council Members – Beckman, Hansen, Johnson, and Mounce

Noes: Council Members – None

Absent: Council Members – Mayor Hitchcock

- I-2 Notice thereof having been published according to law, an affidavit of which publication is on file in the office of the City Clerk, Mayor Pro Tempore Johnson called for the public hearing to consider resolution adopting the City's 2005 Urban Water Management Plan Update.

Glenn Hermanson, Project Manager for RMC Water and Environment, recalled that the Urban Water Management Plan was reviewed at the February 7 Shirtsleeve Session. He reported that the state passed a law in 1983, which has since been amended 18 times, that

requires every entity with 3,000 acre feet of urban water to prepare a Water Management Plan. The Plans are the foundation upon which water supply assessments and written verifications of water supplies are based on, as well as whether new development can be approved or not. With the aid of an overhead presentation (filed), Mr. Hermanson reviewed each chapter of the Plan. Based on recent investigations, Lodi's sustainable yield of groundwater is 15,000 acre feet per year. The current demand is 17,300 acre feet per year. It is anticipated that there will be a 15% reduction in demand once water meters are installed, which will result in 3,500 acre feet of water conservation by 2025. There will be 6,000 acre feet a year available during the remainder of Lodi's 40-year contract with Woodbridge Irrigation District. The City is considering a recycled water master plan that will define how the recycled water can be used in the future. The infrastructure to use the surface water supply is not currently in place. The White Slough Plant currently treats 7,200 acre feet of water, part of which is used for irrigation near the facility.

Mr. Hermanson reported that the Plan was forwarded to the State Department of Water Resources for a completeness review and was returned with seven minor preliminary comments, which were responded to in Exhibit A (filed) of the staff report.

Council Member Beckman noted that it has been acknowledged the safe yield of groundwater would eventually increase by some amount. He asked if there could be a notation of this fact on the chart that shows a flat line of 15,000 acre fee of water, to which Mr. Prima indicated it would be done.

In reply to Mayor Pro Tempore Johnson, Mr. Prima reported that staff is working on a \$75,000 grant application for the recycled water master plan. In addition, three grant applications have been submitted to the Department of Health Services for PCE/TCE contamination cleanup.

Hearing Opened to the Public

- Ann Cerney asked what portion of the five inches of the overdraft Lodi is responsible for. She felt that the effects on water supply of future urban growth should be addressed in the report.

Public Portion of Hearing Closed

Mr. Prima reiterated that the City is pumping more water than can be sustained over a long period of time. Recycled water is used to irrigate 800 acres of farmland the City owns adjacent to the White Slough facility.

Council Member Beckman mentioned that for the past 80 years (since data began being collected) the groundwater table has been going down. He asked how the sustainable yield of 15,000 acre feet of water was arrived at.

Mr. Prima replied that there is no completely precise number. The methods used by Treadwell and Rollo were outlined in the appendix of the Water Management Plan. He explained that the Plan is not meant to be an Environmental Impact Report or decision making document.

In answer to Council Member Mounce, Mr. Prima reported that the cost to prepare the Plan was \$42,000. There were no comments from the public during the review process other than what was presented tonight.

MOTION / VOTE:

The City Council, on motion of Council Member Beckman, Hansen second, adopted Resolution No. 2006-42 adopting the City's 2005 Urban Water Management Plan Update. The motion carried by the following vote:

Ayes: Council Members – Beckman, Hansen, Johnson, and Mounce

Noes: Council Members – None

Absent: Council Members – Mayor Hitchcock

J. COMMUNICATIONS

J-1 Claims filed against the City of Lodi – None

J-2 The following postings/appointments were made:

a) The City Council, on motion of Council Member Beckman, Mounce second, made the following appointments by the vote shown below:

Ayes: Council Members – Beckman, Hansen, Johnson, and Mounce

Noes: Council Members – None

Absent: Council Members – Mayor Hitchcock

Lodi Animal Shelter Task Force

Linda Castelanelli Unspecified term limit

Lodi Improvement Committee

Fran Forkas Term to expire March 1, 2009

Eileen St. Yves Term to expire March 1, 2009

Robert Takeuchi Term to expire March 1, 2009

J-3 Miscellaneous

a) City Clerk Blackston presented the cumulative Monthly Protocol Account Report through February 28, 2006.

RECESS

At 8:45 p.m., Mayor Pro Tempore Johnson called for a recess, and the City Council meeting reconvened at 8:53 p.m.

K. REGULAR CALENDAR

NOTE: The following items were discussed and acted upon out of order.

K-3 “Authorization of a Memorandum of Understanding with Michael-David Vineyards and Jessie’s Grove Winery to truck industrial effluent to the Lodi industrial wastewater treatment plant in exchange for charging the established industrial rate plus a 50% surcharge and opening a joint Downtown wine tasting room”

City Manager King explained that the proposed Memorandum of Understanding between the City and Michael-David Vineyards and Jessie’s Grove Winery would also affect the Van Ruiten Winery. It is being proposed that Michael-David and Jessie’s Grove be allowed to truck their wastewater to the City’s industrial wastewater treatment system. They will pay 100% of the cost, plus a 50% surcharge and a connection fee based upon what their estimated trucked in waste would be. The total flow would be less than 1% of the City’s industrial waste system. In return, all three wineries would open a large downtown wine tasting room. Van Ruiten Winery, based upon the June 15, 2005, agreement with City, was to open a 500 square foot tasting room. The current proposal is for the three wineries to pool their resources and open a 2,000 square foot tasting room in the downtown area. Benefits include pooling staff resources, reducing risk, and increasing their promotional budget. The partnership also retains the economic viability of the agricultural operation and maintains the greenbelt.

Council Member Hansen disclosed that he spoke with Dave Phillips about this matter today.

PUBLIC COMMENTS:

- Dave Phillips felt that a synergy would be created by three wineries joining together in a tasting room downtown. It will allow for more products, education, food, etc. to be offered. He believed that their tasting room could serve as an anchor to downtown and more would follow. Individually opening tasting rooms might not be financially feasible.

- Mark Fedorchak, President of Van Ruiten Winery, stated that six downtown properties have been considered and two or three appear to be suitable for the tasting room. A lifestyle aspect will be incorporated into the tasting room, which will also have an educational component regarding how wine is made and used with food.
- Greg Burns of Jessie's Grove Winery commented that each winery has a different focus and wine types.
- Jim Van Ruiten stated that he never considered backing out of the obligation made with the City. The current proposal seemed more beneficial to all concerned. Each of the wineries are family-owned and have been in the community for a long period of time.

Mayor Pro Tempore Johnson expressed concern about the combined proposal, as there is a need to generate foot traffic in the downtown area.

- Mr. Burns reiterated Mr. Phillip's belief that once the first tasting room is in place, more would follow.
- Mark Chandler, representing the Winegrape Commission, spoke in support of the proposal and encouraged Council to be as flexible as possible in terms of what is allowed. He announced that 40 of Lodi's 60 vintners will be at the Grand Hyatt in Union Square, San Francisco on March 30 to pour wine for a trade and media audience.
- Pat Patrick, President of the Lodi Chamber of Commerce, believed that by combining three wineries it would attract more people. In reference to foot traffic, he reminded Council that \$25 million was spent on making the downtown an enticing area and the street itself would attract shoppers to various locations.
- Mr. Fedorchak anticipated that the tasting room would be open by December 2006.

MOTION:

Council Member Beckman made a motion, Mounce second, to authorize a Memorandum of Understanding with Michael-David Vineyards and Jessie's Grove Winery to truck industrial effluent to the Lodi industrial wastewater treatment plant in exchange for charging the established industrial rate plus a 50% surcharge and opening a joint Downtown wine tasting room.

PUBLIC COMMENTS (Continued)

- Ann Cerney stated that there should be more focus on the concept of providing wastewater capacity for use outside the City urban service area. She felt it should be examined from a long-term policy point of view and a cost benefit analysis done. She contended that some things should not be for sale. She asked if this matter was considered by the Planning Commission.

Community Development Director Hatch explained that an item only goes before the Planning Commission if it has discretionary approval, which was not the case in this instance. Planning staff prepared the negative declaration. The City Council retains planning powers and adopts the General Plan. The fact that this did not go to the Planning Commission is one of jurisdiction, not whether it was a planning issue.

- Nancy Beckman, Executive Director of the Lodi Conference and Visitors Bureau, spoke in support of the proposal. She noted that in the city of Healdsburg a momentum was created when the number of wineries and shops opened in its downtown.

- Chuck Easterling, President of the Downtown Lodi Business Partnership, spoke in support of the proposal stating that he believed it would be the catalyst for the downtown and Lodi wine products.

Mr. King noted that the City can limit who it provides sewer service to, as well as to limit the number of extraterritorial connections, volume, and characteristics of the effluent.

Council Member Hansen pointed out that, if circumstances are to improve for the City, decisions need to be made today that will have benefits five years or more from now. He believed this decision would help Lodi's ability to become a financially solvent and vibrant community.

VOTE:

The above motion carried by the following vote:

Ayes: Council Members – Beckman, Hansen, Johnson, and Mounce

Noes: Council Members – None

Absent: Council Members – Mayor Hitchcock

K-2 "Review and adopt formal comments on Measure K Renewal Expenditure Plan"

Andrew Chesley, Executive Director of the San Joaquin Council of Governments (SJCOG), reported that the Board of Directors voted last month to send the preliminary draft expenditure plan out to each of the cities and the County of San Joaquin for formal comments. On April 27, the Board will adopt a final Measure K expenditure plan to take to voters at the election in November 2006. The existing measure K terminates in April 2011.

Public Works Director Prima recommended that the following comments be submitted to the SJCOG:

1. Route 12: A) Route 12 Improvements between Lower Sacramento Road and I-5 should be added to the State Highway Improvement subcategory of the Congestion Relief Category. "Exchanging" this project for the "Route 12 Improvements West of I-5" project is acceptable. B) Move the Route 12/99 Interchange project from Congestion Relief Local roadway subcategory to the State Highway category.
2. Increasing the minimum to an agency in the Local Street Repair category from the proposed \$250,000 minimum to \$300,000 is acceptable. Any additional increase to the minimum should be phased in over the life of the program.
3. Down-scope the Highway 99/Turner Road interchange project from "reconstruct interchange" to "capacity, signalization, and safety improvements."
4. Change the scope and limits of the Victor Road widening project from Cluff Avenue to the Eastern General Plan boundary and include "capacity, signalization, and safety improvements at Highway 99."
5. Delete the Central Avenue project from the Congestion Relief category.

Mr. Chesley explained that the draft expenditure plan divides the program into four funding categories: 1) Grade Separation 2.5%; 2) Public Transit 30%; 3) Lodi Road and Street Maintenance Program 35%; and 4) Congestion Relief Program 32.5%. Under the existing Local Street Repair Program 50% goes to the county and the remaining 50% is divided between the cities. A new formula distribution will decrease the county to a base of 40% over the 30-year life of the program. It is anticipated that the Railroad Crossing Safety Program will be able to fund 10 to 15 grade separation projects in San Joaquin County.

MOTION / VOTE:

The City Council, on motion of Council Member Beckman, Hansen second, adopted the formal comments on the Measure K Renewal Expenditure Plan. The motion carried by the following vote:

Ayes: Council Members – Beckman, Hansen, Johnson, and Mounce

Noes: Council Members – None

Absent: Council Members – Mayor Hitchcock

- K-4 “Approve Lodi Tourism Business Improvement District 2006 annual report, adopt resolution of intent to levy annual assessment, and set public hearing for March 29, 2006”

NOTE: Due to a potential conflict of interest related to his spouse's employment with the Lodi Conference and Visitors Bureau, Council Member Beckman abstained from discussion and voting on this matter and vacated his seat at the dais at 10:22 p.m.

City Manager King mentioned that Lodi has two business improvement districts: 1) Downtown Lodi Business Improvement Area, and 2) Lodi Tourism Business Improvement District (LTBID). The Streets and Highways Code requires a presentation of the work plan that is going to be implemented if the proposed annual levy is assessed.

Nancy Beckman, Executive Director of the Lodi Conference and Visitors Bureau (LCVB), mentioned that its mission statement is to stimulate the local economy. This is accomplished through the promotion and education of Lodi as a tourism destination. The LCVB markets to the leisure consumer and group market with a focus in the greater Sacramento area and east and south bay areas. Targeted advertising is done as well as a direct mail campaign and participation in trade shows. The LCVB coordinates *The Taste of Lodi* annual event. Last year, 1,200 people attended with 60% coming from areas outside Lodi. The Lodi View Calendar and news publication is emailed to 1,025 people each month. Twice each year, a press trip is organized at which newspaper writers of trade, lifestyle, and travel publications are invited to tour Lodi and stay overnight at a hotel. An annual Media Day targeting the Sacramento television media is conducted. The LCVB distributes visitor information packets and publishes a newsletter three times each year. The LCVB will be relocating to an office in the Woolworth's building within two months.

Ms. Beckman reviewed the LTBID budget for 2006, noting that it was prepared in October 2005 and includes salary and overhead costs. Projected revenues are \$297,500. The BID assessment is budgeted at \$165,000. The City of Lodi's contribution is \$123,500. She mentioned that the budgeted donation of \$9,000 will not be received because it was tied to a lease deal that did not come to fruition. Expenditures related to marketing are budgeted at \$185,000, press and media relations \$28,442, customer service and hospitality at \$70,486, and advocacy at \$13,615.

Council Members Hansen and Mounce asked that more budget detail be provided at the March 29 public hearing.

PUBLIC COMMENTS:

- Tabitha Freytag, General Manager of Wine & Roses Hotel, stated that the LTBID is a great benefit to her business.

In answer to questions posed by Council Member Hansen, Ms. Beckman stated that none of the hotels or motels in the LTBID have expressed opposition to the assessment. In reference to the City's contribution, Ms. Beckman stated that if a plan could be developed to gradually decrease the amount, the LCVB could budget for it. Ms. Beckman noted, however, that she believed the City has a vested interest and should continue to participate at some level. Ideally, she would like the City's contribution to the LCVB to be based on a percentage of the gross room rents.

Council Member Mounce asked to be provided with information on the Transient Occupancy Tax revenue.

In reply to Mayor Pro Tempore Johnson, Ms. Beckman explained that when the LTBID was formed, the LCVB began operating separating from the Winegrape Commission. She stated that the wineries do provide in-kind donations and provide assistance with sponsorships and tours.

MOTION / VOTE:

The City Council, on motion of Council Member Hansen, Mounce second, approved the Lodi Tourism Business Improvement District 2006 annual report, adopted Resolution No. 2006-43 of intent to levy annual assessment, and set public hearing for March 29, 2006. The motion carried by the following vote:

Ayes: Council Members – Hansen, Johnson, and Mounce
Noes: Council Members – None
Absent: Council Members – Mayor Hitchcock
Abstain: Council Members – Beckman

NOTE: Council Member Beckman returned to his seat at the dais at 11:07 p.m.

VOTE TO CONTINUE WITH THE REMAINDER OF THE MEETING

The City Council, on motion of Council Member Beckman, Hansen second, voted to continue with the remainder of the meeting following the 11:00 p.m. hour. The motion carried by the following vote:

Ayes: Council Members – Beckman, Hansen, Johnson, and Mounce
Noes: Council Members – None
Absent: Council Members – Mayor Hitchcock

RECESS

At 11:10 p.m., Mayor Pro Tempore Johnson called for a recess, and the City Council meeting reconvened at 11:15 p.m.

K. REGULAR CALENDAR (Continued)

K-1 “Mid-year budget review and resolution to revise 2005-06 budget appropriations”

Deputy City Manager Krueger stated that total budgeted expenditures would be decreased by \$500,000 from the amount stated in the adopted budget to reflect the reduction in the transfer amount from the Electric Utility Fund for services provided. The budget adjustment will not affect the ending fund balance because there are sufficient cost savings to offset the reduced revenues. Approximately 99% of the Fire Department's overtime budget for the year was spent within six months. It is recommended that the Fire Department's budget be increased by \$261,000. An increase in “Non-Departmental” for citywide utility expenses is needed in the amount of \$101,000. A decrease of \$361,000 to transfers to “other funds” is recommended as a result of claims savings for both workers compensation and general liability insurances. In the Electric Utility Department, increase in energy costs in August and September resulted in bulk power purchases higher than what was anticipated in the budget. Consequently, an increase of \$2,953,000 will be needed in the bulk power purchase cost line item. There has been a savings in Electric Utility from vacant positions. In the Water Fund, budgeted expenditures should be increased by \$52,800 from the amount stated in the budget to pay for the cost of services transfer from the General Fund departments that were originally scheduled to be paid from the Street Fund, and for the same reason, the Wastewater Fund should be increased by \$30,800 and the Capital Outlay Fund budgeted expenditures should be increased by \$139,100. In the Street Fund,

budgeted expenditures should be decreased by \$222,700 to reflect the relocation of the cost of services transfers to the Water, Wastewater, and Capital Outlay funds. The General Fund amount anticipated at the end of the fiscal year was \$1,565,000. Based upon revenue projections, it is now anticipated to be \$6,000 less. The Library Fund was projected to have a balance of \$618,000 at the end of the fiscal year, and is now projected to have \$549,000. The ending balance for the Street Fund was projected at \$7.6 million and is now anticipated to be \$6.2 million. The Capital Outlay Fund was projected at \$5 million and is now anticipated to end the year with \$6.6 million. The Water Fund was projected at \$2.3 million and is now anticipated to end the year with \$834,000 based on revenue of \$350,000 as a result of the water rate increase to pay for groundwater contamination. The remaining \$500,000 relates to timing of expenditures. Mr. Krueger confirmed that an \$834,000 variance would not be occurring in future years. He reported that the effect of the electric rate increase would amount to \$10 million for a full fiscal year. It is estimated that there will be \$1.2 million in reserve at the end of the year over what was anticipated for Workers Compensation and Liability Insurance.

City Manager King noted that when Council adopted the budget there were 29 frozen positions. It is now recommended that one Police Lieutenant position be released and filled.

In reply to Council Member Hansen, Fire Chief Pretz explained that the reason for the overtime usage was that the department has been chronically short staffed since 2002. To cover 8,760 hours a year, calculating vacation, holiday, sick leave, and other accrued time, it leads to a factor of 3.9 people per position. Chief Pretz stated that he needs 60 firefighters and has 48. The Fire Department's overtime budget was reduced for 2005-06 and three vacancies exist. In addition, there were two long-term Workers Compensation injury related vacancies.

MOTION/ VOTE:

The City Council, on motion of Council Member Hansen, Beckman second, adopted Resolution No. 2006-44 revising the adopted 2005-06 Operating and Capital Improvement Budget for the fiscal year beginning July 1, 2005 and ending June 30, 2006. The motion carried by the following vote:

Ayes: Council Members – Beckman, Hansen, Johnson, and Mounce

Noes: Council Members – None

Absent: Council Members – Mayor Hitchcock

K-5 “Adopt resolution approving the City Council Protocol Manual”

City Clerk Blackston recalled that the draft Protocol Manual was reviewed at Shirtsleeve Sessions on January 10 and 24. At those meetings, Council Members made comments and suggestions which have been incorporated into the Manual. Ms. Blackston reviewed those changes as follows:

- Page 7, Section 3.4 – Reflects that Mayors traditionally meet with staff to review draft agendas one week prior to meetings.
- Page 8, Section 4.2 – (Added) The Mayor will be allocated an additional \$500 per year for representation expenses.
- Page 11, Section 5.3 – Commission Responsibility – (Added) Positions taken by appointed representatives should be in alignment with the positions that Council has taken on issues that directly impact Lodi.
- Page 12, Section 5.6 – (Added) Annual recognition reception for Council-appointed boards and commissions.

- Page 13, Section 6.3b – (Deleted) *“If a request is made by a Council Member at a Council meeting, it is suggested that a vote be taken, or an indication through concurrence, that there is an interest by a majority of Council to hear the matter.”*
- Page 18, Section 6.3n – (Added) Ex parte communications announcements were added to the public hearing procedure.
- Page 20, Section 6.3 v – (Added) Use of the Internet and e-mail is prohibited by Council members during City Council meetings. The purpose of this is: 1) to ensure that no violations of the Brown Act occur, and 2) to allow for proper management of communications during meetings so that City business can be conducted in an efficient and orderly manner. E-mail communication sent to the City Council related to an item on an agenda will be received in the City Clerk’s Office up to the close of business (5 p.m.) on the date of the meeting and will be provided to Council Members via “blue sheet.” Such communications will be handled in accordance with California Government Code section 54957.5
- Page 23, Section 7.3 – Citizen complaint process – (Amended) To reflect the process used when these communications to Council are received through the City Clerk’s Office, i.e. they are copied to appropriate departments and a reply is forwarded to the sender within 24 hours of receipt.

Ms. Blackston stated that the only recommendation that was not incorporated was Mayor Hitchcock’s suggestion at the meeting on January 10 that Council appointee evaluations be scheduled at a set time in the year. An Administrative Policy and Procedure adopted by Resolution 2002-224 defines the process; however, no specific date was set for conducting the evaluations. They have been held at various times throughout the year in the past. It was decided by staff not to assign a fixed date and to leave the procedure as is, primarily because appointees hire dates vary and it appeared there was no ideal time for all concerned both today and in the future.

MOTION / VOTE:

The City Council, on motion of Council Member Beckman, Mounce second, adopted Resolution No. 2006-45 approving the City Council Protocol Manual. The motion carried by the following vote:

Ayes: Council Members – Beckman, Hansen, Johnson, and Mounce

Noes: Council Members – None

Absent: Council Members – Mayor Hitchcock

- K-6 “Approve expenses incurred by outside counsel/consultants relative to the Environmental Abatement Program litigation (175,611.33)”

City Attorney Schwabauer reviewed expenses as were outlined in the staff report (filed).

MOTION / VOTE:

The City Council, on motion of Council Member Beckman, Johnson second, approved expenses incurred by outside counsel/consultants relative to the Environmental Abatement Program litigation in the amount of 175,611.33, as detailed below, by the following vote:

Ayes: Council Members – Beckman, Hansen, Johnson, and Mounce

Noes: Council Members – None

Absent: Council Members – Mayor Hitchcock

Folger Levin & Kahn - Invoices Distribution

Matter No.	Invoice No.	Date	Description	Total Amount
8001	93343	1/31/2006	General Advice/Environmental Matters	\$ 260.00
8002	93344	1/31/2006	People v M&P Investments	11,315.62
				(32.50)
8003	93280	1/31/2006	Hartford Insurance Coverage Litigation	159,427.29
				(4,418.00)
8008	93346	1/31/2006	City of Lodi v. Envision Law Group	8,097.26
				<u>\$174,649.67</u>

JAMS Mediation Service

Invoice No.	Date	Description	Amount
1119393-110	02/2006	Mediation Services – M&P Investments	\$
<u>961.66</u>			

L. ORDINANCES

None.

M. ADJOURNMENT

There being no further business to come before the City Council, the meeting was adjourned at 11:50 p.m.

ATTEST:

Susan J. Blackston
City Clerk